

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 AID-05 CIAE-00
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 STR-07 AGRE-00
CEA-01 DOE-15 SOE-02 /100 W
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P R 261505Z APR 78

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 3664

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMCONSUL GOTEBORG POUCH

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E.O. 11652: N/A

TAGS: ETRD, BEXP, SW

SUBJ: INTERAGENCY TASK FORCE FOR A NATIONAL EXPORT POLICY

REF: STATE 95673, STOCKHOLM 0080

1. FOLLOWING ARE A FEW SPECIFIC COMMENTS REGARDING EXPORT PROMOTION AND PROBLEMS IN SWEDEN. WE SHALL SUBMIT SHORTLY A TELEGRAM DEALING WITH THE BROADER ISSUES WE UNDERSTAND ARE ENCOMPASSED BY THE TASK FORCE MANDATE.

2. TRADE PROMOTION STAFFING:

WITH REGARD TO EXPORT PROMOTION IN SWEDEN THE POST HAS MADE MANY ARGUEMENTS TO COMMERCE AND STATE DURING PAST SEVERAL MONTHS IN SUPPORT OF MAINTAINING THE USTC IN STOCKHOLM, AND FAILING THAT, TO KEEP ADEQUATE STAFF TO MAINTAIN AND/OR RESTRUC-
TURE MANY PROMOTION FUNCTIONS NOW PERFORMED BY TC. ON THE BASIS OF OUR EXPERIENCE, TC IS ONE OF THE MOST EFFECTIVE AND EFFICIENT
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MEANS OF PROMOTING US EXPORTS TO SCANDINAVIA AND INTRODUCING NEW AMERICAN FIRMS TO SWEDISH MARKET. AMERICAN EXPORTS HAVE DONE INCREASINGLY WELL IN SWEDEN, WITH US MOVING UP FROM 5TH TO 3RD LARGEST SUPPLIER. IT DOES NOT MAKE SENSE TO CUT BACK ON PROMOTION EFFORTS AT THIS POINT WHEN PROGRESS IS BEING MADE. CURRENT PLAN TO CUT FULLTIME COMMERCIAL FROM 20 TO 8 AS OF JULY 1 WILL HAVE DEFINITE NEGATIVE EFFECT, ESPECIALLY IN RAPIDLY

EVOLVING HIGH-TECHNOLOGY AREAS (WHERE AMERICAN PRODUCTS ARE OF COURSE MOST COMPETITIVE).

3. AMERICAN AUTOMOBILES:

THIS IS AN AREA WHERE EXPORT GROWTH COULD CERTAINLY BE ATTAINED; A USG/INDUSTRY EXPORT TASK FORCE COULD BE VERY INSTRUCTIVE. OBVIOUSLY THERE ARE PROBLEMS TO BE OVERCOME, BUT AMERICAN CARS COULD BE MUCH MORE COMPETITIVE WITH E.G. GERMAN AND JAPANESE CARS IN THIRD COUNTRY MARKETS. IF US AUTO MANUFACTURERS AND SUBSIDIARIES WERE MORE THAN CASUALLY INTERESTED IN IMPORTING AMERICAN-MADE VEHICLES TO SWEDEN AS WELL AS THEIR EUROPEAN MODELS, IT WOULD BE WORTH THE EFFORTS NEEDED TO LESSEN NON-TARIFF BARRIERS, E.G. SAFETY STANDARDS, WHICH ARE HIGH AND HAVE SIMILAR OBJECTIVES IN SWEDEN AND THE US, AND COULD BE WRITTEN IN MORE COMPARABLE FASHION. DISCUSSION WOULD ALSO BE WORTH-WHILE TO DETERMINE IF AUTO INSURANCE RATE SETTING PROCEDURES ARE QUITABLE.

4. MULTI-SECTORAL STUDY:

THERE ARE OTHER POTENTIAL AREAS OF GROWTH IN SOPHISTICATED MARKETS LIKE SWEDEN WHICH ARE NOT COVERED IN USDOC TARGET INDUSTRY MARKET RESEARCH (GMR). A SYSTEMATIC AND COMPREHENSIVE LOOK AT WHERE THE MARKET IS GOING NEEDS TO BE DONE. PERHAPS THE MULTI-SECTORAL STUDY FORMAT IS APPROPRIATE OR ADAP-
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ABLE (SEE 76 STOCKHOLM 3355), BUT MANY MORE RESOURCES NEED TO BE DEVOTED TO SUCH A PROGRAM SO THAT MORE THAN ONE OR TWO COUNTRIES PER YEAR WOULD BE ANALYZED AND COMPARED.

5. EARLY PROMOTION OF NEW TECHNOLOGY:

THROUGH USDOC TRADE CENTER AND INTERNATIONAL TRADE FAIR PROGRAMS OF EXPORT PROMOTION ARE USEFUL IN SELLING AMERICAN PRODUCTS, AND THEREFORE WORTHWHILE IN OUR ESTIMATION, TOO MUCH OF THIS ACTIVITY TAKES PLACE TOO FAR ALONG THE PRODUCT LIFE CYCLE. SOME FORMAT NEEDS TO BE DEvised TO GET AMERICAN MANUFACTURERS, ESPECIALLY THE PRODUCT DESIGNERS AND MARKETING DIRECTORS TOGETHER WITH POTENTIAL EXPORT CONSUMERS AT AN EARLIER STAGE. AS A CASE IN POINT, STOCKHOLM TRADE CENTER PLANNED AND RAN A SUCCESSFUL EXHIBITION IN NOVEMBER 1977 OF "CLIMATE CONTROL EQUIPMENT FOR HOME, OFFICE AND INDUSTRY", BUT THE ONE DISAPPOINTMENT TO A LARGE PERCENTAGE OF VISITORS AND POTENTIAL CUSTOMERS WAS THE LACK OF STATE-OF-THE-ART SOLAR ENERGY AND RELATED EQUIPMENT. WE WROTE BEFOREHAD TO 33 MANUFACTURERS OF SUCH EQUIPMENT CULLED FROM US TRADE JOURNALS; ONLY A FEW BOTHERED TO ANSWER AND NOT ONE WAS READY TO CONSIDER THE SCANDINAVIAN MARKET. SOME VEHICLE SHOULD BE CREATED TO

IDENTIFY KEY AREAS OF BUDDING TECHNOLOGY AND TO PERSUADE
PRODUCT DEVELOPMENT STAFF TO TALK TO POTENTIAL EXPORT MARKETS
FOR TWO WAY EDUCATION OF BOTH SUPPLIER AND THE MARKET. SCAN-
DINAVIAN COMPANIES WOULD GLADLY PAY TO SEND SOME OF THEIR
PEOPLE TO PARTICIPATE IN SUCH DISCUSSIONS.

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6. DOMESTIC EXECUTIVE SERVICE CORPS:

WE BELIEVE THERE IS CONSIDERABLE MERIT IN ESTABLISHING SERVICE
CORPS OF RETIRED INTERNATIONAL TRADE EXPERTS TO PROVIDE SHORT
TERM ASSISTANCE TO AMERICAN COMPANIES PARTICULARLY IN SETTING
UP AN EFFECTIVE EXPORT ORGANIZATION.

7. AGRICULTURAL EXPORTS:

US EXPORTS OF FRESH FRUIT AND VEGETABLES HAVE INCREASED
RAPIDLY IN RECENT YEARS, BUT ACCORDING TO SCANDINAVIAN BUYERS,
THE FUTURE OF THIS MARKET IS BEING INCREASINGLY THREATENED BY
SHIPPING PROBLEMS - HIGH COSTS AND POOR SERVICE. THE LATTER
INCLUDES A SERIOUS SHORTAGE OF REEFER VANS, AN IMBALANCE
BETWEEN DEMAND FOR VANS OUTWARD AND INWARD BOUND FOR NORTHERN
EUROPE. SOME BUYERS HAVE SUGGESTED THAT SHIPPING LINES SHOULD
BE PERDUADED TO ESTABLISH RECIPROCAL AGREEMENTS FOR CARRYING

AND EXCHANGING VANS. SERIOUS COMPETITION IS ALSO FOUND IN AIR
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SHIPMENTS OF FRESH PRODUCE FROM ISRAEL TO CENTRAL POINTS IN
EUROPE. WE SHOULD STUDY MEANS OF MEETING THE VERY LOW DELIVERY
AIR COST OF THE ISRAELI PRODUCE.
KENNEDY-MINOTT

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